

MINUTES
JOINT MEETING
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Thursday, January 22, 2015

TIME: 3:00 P.M.

PLACE: WW-17

MEMBERS PRESENT: Chairman Siddoway, Vice Chairman Johnson, Senators McKenzie, Vick, Bayer, Guthrie, and Burgoyne

Chairman Collins, Vice Chairman Trujillo, Representatives Moyle, Raybould, Anderson, Anderst, Dayley, Hartgen, Kauffman, Chaney, Nate, Scott, Thompson, Erpelding, Nye, and Rudolph

ABSENT/ EXCUSED: Senators Rice and Werk

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Siddoway** called the joint meeting of the Local Government and Taxation Committee (Committee), and the House Revenue and Taxation Committee (Committee) to order at 3:00 p.m.

PRESENTATION: Idaho State Tax Commission (Commission)

Chairman Siddoway welcomed everyone and introduced **Michael Chakarun**, Commission Tax Policy Manager who gave announcements and introduced Tom Shaner, Income Tax Specialist with the Idaho State Tax Commission.

Mr. Shaner spoke about expenditures, credits, exclusions, and deductions. He explained who must file, what forms are used, business trends, and forms. He also highlighted multistate taxpayers, the concept of business versus non-business income, and the apportionment formula. He talked specifically about credits. These credits include: business and investment, research activity, broadband investment, incentive investment, and other business type credits.

Mr. Shaner then entertained questions from **Senators Johnson, Guthrie, Burgoyne, and Bayer** on this topic.

Chairman Siddoway thanked Mr. Shaner. He asked Michael Chakarun to introduce McLean Russell, a Tax Policy Specialist to talk about sales and use tax.

Mr. Russell reviewed a graph of total sales and use tax returns filed, and a distribution chart of sales/use tax. He started with the basics of sales tax. The following topics were presented: what is subject to sales tax, taxable sales price, and paying sales tax. **Mr. Russell** then explained the basics of use tax, a companion to sales tax. He explained that the primary purpose of the use tax is to catch what sales tax misses. **Mr. Russell** further discussed exemptions of use tax and current issues including the Marketplace Fairness Act. This act is federal legislation that would allow states to impose a sales tax collection requirement on out-of-state sellers on their sales delivered to customers in that state.

Mr. Russell received questions from **Senator Burgoyne** on this topic.

Mr. Russell explained other current issues that include software, digital products other technology, and an exemption on groceries.

Senator Burgoyne asked about the grocery tax and how much it contributes to revenues. **Mr. Chakarun** said he would report back on those numbers, but that he didn't have them. **Senator Siddoway** commented on the grocery tax as well. **Senator Burgoyne** asked about the amount it costs the state of Idaho to administer the program. **Michael Chakarun** said he would report back on those numbers, but that he didn't have them.

Chairman Siddoway thanked Mr. Russell and the Committee.

ADJOURNED: There being no further business, **Chairman Siddoway** adjourned the meeting adjourned at 4:50 p.m.

Senator Siddoway
Chair

Amanda McLennan
Secretary